



# UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE  
United States Patent and Trademark Office  
Address: COMMISSIONER OF PATENTS AND TRADEMARKS  
P.O. Box 1450  
Alexandria, Virginia 22313-1450  
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/800,535	03/06/2001	Gavin A. Grounds	70-00-005	4164

7590 05/23/2003

William R. Borchers  
Baker Botts L.L.P.  
Suite 600  
2001 Ross Avenue  
Dallas, TX 75201-2980

EXAMINER

GARG, YOGESH C

ART UNIT

PAPER NUMBER

3625

DATE MAILED: 05/23/2003

Please find below and/or attached an Office communication concerning this application or proceeding.

# Office Action Summary

Application No.

09/800,535

Applicant(s)

GROUNDS, GAVIN A.

Examiner

Yogesh C Garg

Art Unit

3625

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

## Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

## Status

- 1) ☒ Responsive to communication(s) filed on 07 February 2003.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

## Disposition of Claims

- 4) ☒ Claim(s) 1,2,4-6,8-46,48,50 and 52-59 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1,2,4-6,8-46,48,50 and 52-59 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

## Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) ☐ The proposed drawing correction filed on \_\_\_\_\_ is: a) ☐ approved b) ☐ disapproved by the Examiner.
- If approved, corrected drawings are required in reply to this Office action.
- 12) ☐ The oath or declaration is objected to by the Examiner.

## Priority under 35 U.S.C. §§ 119 and 120

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.
- 14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).
- a) ☐ The translation of the foreign language provisional application has been received.
- 15) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

## Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449) Paper No(s) \_\_\_\_\_
- 4) ☐ Interview Summary (PTO-413) Paper No(s). \_\_\_\_\_
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: \_\_\_\_\_

**DETAILED ACTION**

***Response to Amendment***

1. Amendment A, paper # 3, received on 02/07/2003 is acknowledged and entered. Claims 3, 7, 47, 49 and 51 have been canceled, claims 10, 19, 24, 38, and 48 have been amended and new claims 55-59 have been added. Currently claims 1-2, 4-6, 8-46, 48, 50, and 52-59 are pending for examination.

***Response to Arguments***

2. Applicant's arguments filed on 02/07/2003 with regards to claims 1-2, 4-6, 8-46, 48, 50, and 52-59 have been fully considered but they are not persuasive.

2.1 Regarding applicant's remarks with respect to rejection of claims 1-2, 4-6, 8-9, 11-18, 48, 50, and 52-54 under U.S.C.102 (b) in view of Weber, that, " However, Applicant respectfully submits that the Examiner's position is (i) contrary.....experts, (2) contrary.....court decisions, and (3) contrary to PTO policy on this issue (see page 15), " The PTO conforms to the same view as the courts and Professor Chisum " (page 16), the examiner does not agree for following reasons:

(i) Applicant's citations MPEP 2173.05 (g), courts decisions namely Swinehart decision, In Re Swinehart, 439 F2nd.210, 169 USPQ 226 (CCPA 1971) (see page 16) are relevant when analyzing and rejecting claims under USC 112, to ascertain the definiteness of claim language, boundaries of the claims and point out and distinctly claim the invention, see MPEP 2173. It is important to note that claims 1-2, 4-6, 8-9, 11-18, 48, 50, and 52-54 were not rejected under USC 112, 2<sup>nd</sup> paragraph.

Art Unit: 3625

(ii) Claims 1-2, 4-6, 8-9, 11-18, 48, 50, and 52-54 are system claims and the analysis to distinguish them from the prior art should be on the basis structural elements rather than intended function. See MPEP 2114 :Apparatus and Article Claims — Functional Language [R-1]. APPARATUS CLAIMS MUST BE STRUCTU-RALLY DISTINGUISHABLE FROM THE PRIOR ART >While features of an apparatus may be recited either structurally or functionally, claims<directed to >an< apparatus must be distinguished from the prior art in terms of structure rather than function. >In re Schreiber, 128 F.3d 1473, 1477-78, 44 USPQ2d 1429, 1431-32 (Fed. Cir. 1997) **(The absence of a disclosure in a prior art reference relating to function did not defeat the Board's finding of anticipation of claimed apparatus because the limitations at issue were found to be inherent in the prior art reference)**; see also In re Swinehart, 439 F.2d 210, 212-13, 169 USPQ 226, 228-29 (CCPA 1971);< In re Danly, 263 F.2d 844, 847, 120 USPQ 528, 531 (CCPA 1959). "[A]pparatus claims cover what a device is, not what a device does." Hewlett-Packard Co. v. Bausch & Lomb Inc., 909 F.2d 1464, 1469, 15 USPQ2d 1525, 1528 (Fed. Cir. 1990) (emphasis in original). MANNER OF OPERATING THE DEVICE DOES NOT DIFFERENTIATE APPARATUS CLAIM FROM THE PRIOR ART. A claim containing a "recitation with respect to the manner in which a claimed apparatus is intended to be employed does not differentiate the claimed apparatus from a prior art apparatus" if the prior art apparatus teaches all the structural limitations of the claim. Ex parte Masham, 2 USPQ2d 1647 (Bd. Pat. App. & Inter. 1987).

(iii) Weber, contrary to the applicant's remarks, " Weber patent focuses on regular credit card transactions, and does not appear to have any disclosure relating to micro-payments... a claim is not anticipated by a reference unless the reference discloses each and every element.", (see page 17), discloses determination of micro-payments transactions (see at least Weber col.15, lines 22-28, "*..The payment gateway provides support for configuring and*

Art Unit: 3625

*installing the Internet payment capability .....provides an intuitive Graphical User Interface (GUI) with support built in to accommodate future payment instruments....and micro-payments “, col.24, lines 52-63, “..Payment Instruments.....A consumer chooses a payments based on personal preferences....Electronic Cash....Micro-payments....”,) and discloses all the structural elements as already analyzed in the earlier Office action, paper # 3.*

2.2 Regarding applicant's remarks with respect to rejection of claims 19-23, 25-37, 39-46, under U.S.C.102 (e) in view of Elgamal, that, “ As best understood the customer makes a determination .....Elgamal does not appear to teach or suggest a structure for any type of automated determination to treat the transaction as micro-payment “, see pages 18-19), the examiner does not agree. Elgamal teaches automated determination to determine if the transaction is micro-payment and also a software structure (see at least Elgamal. Col.7, lines 21-35, “*...In this transaction, the merchant recognizes that the use of the PG is specified as the acquirer, rather than a bank.....*” discloses determining if the transaction is a micro-transaction to use the EMA accounts of the customer and the merchant. Further, “merchant” and “customer” are software application programs, see (Elgamal, col. 8, lines 9-35, “*... The customer gateway includes a customer application 36.....The merchant gateway includes a merchant application 42....*”, col.11, lines 1-15). Regarding the features recited in the newly added claims 56-57, they are also rejected in view of Elgamal.

2.3. Regarding amended and newly added claims 10, 55, 58, 59, and 24, 38, new matter has been added in the claim language, which raises the issues of reconsideration and new search. Claims 10, and 58 are, rejected based on new grounds in view of Weber/Dahlstorm (Dahlstorm, Erik, “ Understanding the need for micro payments in the digital image”, Banking Policy Report; New York: Aug 1999, Vol:18, Issue: 15/16, extracted from <http://proquest.umi.com> on 10/24/2002 discloses the importance of micro payments in financial

Art Unit: 3625

transactions, hereinafter, referred to as Dahlstorm). Claims 24, and 38, are, rejected based on new grounds in view of Elgamal/Dahlstorm. Claims 55 and 59 are, rejected based on new grounds in view of Weber/Elgamal.

***Claim Rejections - 35 USC § 102***

3. Claims 1-2, 4-6, 8-9, 11-18, 48, 50, and 52-54 are rejected under 35 U.S.C. 102(b) as being anticipated by Weber.

With regards to claims 1-2, 4-6, 8-9, 11-18, 48, 50, and 52-54, Weber teaches an apparatus for processing financial transactions comprising the following structural limitations:

a memory which is a Random Access Memory, a processor coupled to the memory, a communication interface adapted to be coupled to a communication link and coupled to the memory (at least see, col.4, lines 29-44, "*According to .... a preferred embodiment of the invention, a server communicates bi-directionally with a server over a first communication link; over which service requests flow to the server for one or more merchants and/or consumers..... Service requests result in merchant specific transactions that are transmitted to the gateway for further processing on existing host applications.....*", col. 6, line 44-col.7, line 2, "*...A preferred embodiment of a system in accordance with the present invention is preferably practiced in the context of a personal computer ..... A representative hardware environment is depicted in FIG. 1A, which illustrates a typical hardware configuration of a workstation in accordance with a preferred embodiment having a central processing unit 10, such as a microprocessor, ..... includes a Random Access Memory (RAM) 14, Read Only Memory (ROM) 16,..., a user interface adapter 22 for connecting a keyboard 24, a mouse 26, ....., and/or other user interface devices such as a touch screen*

Art Unit: 3625

*(not shown) to the bus 12, communication adapter 34 for connecting the workstation to a communication network (e.g., a data processing network).. Those skilled in the art will appreciate that the present invention may also be implemented on platforms and operating systems other than those mentioned"). Weber further discloses determination of micro-payments transactions (see at least Weber col.15, lines 22-28, "...The payment gateway provides support for configuring and installing the Internet payment capability .....provides an intuitive Graphical User Interface (GUI) with support built in to accommodate future payment instruments....and micro-payments ", col.24, lines 52-63, "...Payment Instruments.....A consumer chooses a payments based on personal preferences....Electronic Cash....Micro-payments....",).*

The rest of the language of the claims 1-2, 4-6, 8-9, 11-18, 48, 50, and 52-54 is directed to the intended/functional use rather than the limitation of structural elements. Please refer to MPEP: 2114: Apparatus and Article Claims - Functional Language APPARATUS CLAIMS MUST BE STRUCTURALLY DISTINGUISHABLE FROM THE PRIOR ART: Claims directed to apparatus must be distinguished from the prior art in terms of structure rather than function. In re Danly, 263 F.2d 844, 847, 120 USPQ 528, 531 (CCPA 1959). "[A]pparatus claims cover what a device is, not what a device does." Hewlett- Packard Co. v. Bausch & Lomb Inc., 909 F.2d 1464, 1469, 15 USPQ2d 1525, 1528 (Fed. Cir. 1990). (emphasis in original). Therefore, ~~as~~ per the guidelines of MPEP 2114, the claims 1-2, 4-18, 48, 50-54 do not distinguish over Weber which discloses the structural limitations of the claims i.e. a memory which is a Random Access Memory, a processor coupled to the memory, a communication interface adapted to be coupled to a communication link and coupled to the memory.

4. Claims 19-23, 25-37, 39-46, and 56-57 are rejected under 35 U.S.C. 102(e) as being anticipated by Elgamal (US Patent 6,138,107).

With regards to claims 19-23, 25-32, 56, Elgamal teaches a method for processing financial transactions, comprising: receiving a first message indicating the making of a financial transaction, the first message including customer information, merchant information and transaction information, customer and merchant information comprise a digital certificate, transaction information comprising the time of initiation of the transaction, the amount and the customer identifier which represents a credit card account, determining the validity of the customer information and merchant information, determining the validity of the customer information comprising generating a validation request, receiving a validation response and analyzing the validation response, generating a second message indicating non-authorization of the financial transaction if the customer information or merchant information is invalid, determining whether the financial transaction involves a micro-payment i.e. the amount of transaction is below a threshold if the customer and merchant information is valid, if the financial transaction involves a micro-payment: storing at least part of the transaction information, associated with the merchant, comprising the initiation time, amount of the transaction and the customer account identifier, generating a third message indicating authorization of the financial transaction, and if the financial transaction does not involve a micro-payment, generating an authorization request, generating a fourth message at a designated time to settle the financial transaction based on the stored information, and generating a fifth message to settle all of the financial transactions based on the part information stored for each financial transaction in the buffer (col.5, line 38-col.12, line 61, "... *The system should be able to handle such transactions as small payments from customers.....such that said merchant and said acquirer ate authenticated to each other and to said customer.....The PG protocol uses certain buying and*



*selling transactions which are supported by the PG .....In one embodiment.....a customer shops...an item worth \$0.50....the merchant recognizes that the use of PG is specified....PG then sends an authorization to the merchant....At the end of the predetermined time...the PG uses the SCS as a customer and buys...merchant is paid by a credit card....Validation of the Customer's account.....The Payment gateway 50 includes a database 52 containing information on each merchant and each customer.....The merchant application also verifies an acquirer signature on responses and a customer signature on receipts.....The PG consists of the following components.....Customer database.....Customer name....Customer PG account number....Customer bank account number (s): this is the number of a bank account, credit card...PG may also keep a database of all transactions.....By issuing the slip [Note: slip corresponds to digital certificate], the customer indicates agreement to the transaction. By using the slip for payment the merchant also agrees to the contents of the transaction.....PG requires that the merchant...provides a unique identifier....purchase order contains the following fields: Customer name...total amount...current Date: the time that the slip was created [ Note: it corresponds to the initiation time of the financial transaction]....The interface to the acquirer gateway....PG interfaces to the merchants in two ways, the first as a gateway that authorizes micro payments.....The merchant then asks the PG to authorize the payment passing on the encoded payment information.....At the end of a pre specified period of time....PG pays the merchant for the aggregate amount from all transactions completed....PG prepares a purchase order and a payment slip.....An important aspect of the invention is to provide the merchant with the ability to collect several payments into a single transaction with the acquirer.....”).*

Elgamal teaches automated determination to determine if the transaction is micro-payment and also a software structure (see at least Elgamal. Col.7, lines 21-35, “...In this transaction, the merchant recognizes that the use of the PG is specified as the acquirer, rather than a bank.....”

Art Unit: 3625

discloses determining if the transaction is a micro-transaction to use the EMA accounts of the customer and the merchant. Further, "merchant" and "customer" are software application programs, see (Elgamal, col. 8, lines 9-35, "... *The customer gateway includes a customer application 36.....The merchant gateway includes a merchant application 42....*", col.11, lines 1-15). As per claims 56 and 57, Elgamal also teaches generating a message to settle all of the stored financial transactions as a function of at least one of: the number of stored financial transactions, an aggregate value of the stored financial transactions, and the occurrence of a designated time (see at least col.12, lines 10-31, "...*At the end of a pre specified period of time....the PG pays the merchant for the aggregate amount from the transactions completed....The PG prepares a purchase order and a payment slip...The merchant takes the slip from this transaction and sends it to the acquirer to credit the moneys owned to the merchant's account.....*").

4.1. With regards to a set of logic encoded in media claims 33-37, 39-46, and 57, their limitations correspond to method claims 19-23, 25-32, and 56 and are therefore analyzed and rejected similarly.

#### ***Claim Rejections - 35 USC § 103***

5. Claims 10, and 58 are rejected under 35 U.S.C. 103(a) as being unpatentable over Weber and further in view of Dahlstorm.

With regards to claims 10, and 58, Weber teaches an apparatus for processing financial transactions as disclosed in claims 1, and 48 analyzed above. Weber does not disclose effecting determination if the financial transaction involves a micro-payment transaction as a function of at least one of: amount of transaction is below a predetermined threshold, or a frequency of such financial transactions, and an identity of the customer. However, in the same

Art Unit: 3625

field of method of payments, Dahlstorm discloses effecting determination if the financial transaction involves a micro-payment transaction as a function of at least one of: amount of transaction is below a predetermined threshold, or a frequency of such financial transactions, and an identity of the customer (see Dahlstorm, Page, 2, "*Micro-payments should be viewed as a function of value (v).....Should a micro-payment be looked a function of the transaction volume ...*", and page 4, under the heading Footnote 1,, "*There are two levels of identification associated with financial transactions—individual identification that connects the user to the payment method.....2. Nielsen J., User Interfaces for Internet Payments, useit.com, January 1998* "). In view of Dahlstorm, it would have been obvious to a person of an ordinary skill in the art at the time of the invention to modify Weber to include the Dahlstorm's teaching to effect determination if the financial transaction involves a micro-payment transaction as a function of at least one of: amount of transaction is below a predetermined threshold, or a frequency of such financial transactions, and an identity of the customer because to ascertain the need of micro-payment method as explicitly taught in Dahlstorm with regards to a particular user/customer.

6. Claims 24, and 38, are rejected under 35 U.S.C. 103(a) as being unpatentable over Elgamal and further in view of Dahlstorm.

With regards to claims 24, and 38, Elgamal teaches a method for processing financial transactions as disclosed in claims 19, and 33 analyzed above. Elgamal does not disclose effecting determination if the financial transaction involves a micro-payment transaction as a function of at least one of: amount of transaction is below a predetermined threshold, or a frequency of such financial transactions, and an identity of the customer. However, in the same field of method of payments, Dahlstorm discloses effecting determination if the financial

Art Unit: 3625

transaction involves a micro-payment transaction as a function of at least one of: amount of transaction is below a predetermined threshold, or a frequency of such financial transactions, and an identity of the customer (see Dahlstorm, Page, 2, "*Micro-payments should be viewed as a function of value (v).....Should a micro-payment be looked a function of the transaction volume ...*", and page 4, under the heading Footnote 1,, "*There are two levels of identification associated with financial transactions—individual identification that connects the user to the payment method.....2. Nielsen J., User Interfaces for Internet Payments, useit.com, January 1998* "). In view of Dahlstorm, it would have been obvious to a person of an ordinary skill in the art at the time of the invention to modify Elgamal to include the Dahlstorm's teaching to effect determination if the financial transaction involves a micro-payment transaction as a function of at least one of: amount of transaction is below a predetermined threshold, or a frequency of such financial transactions, and an identity of the customer because to ascertain the need of micro-payment method as explicitly taught in Dahlstorm with regards to a particular user/customer.

7. Claims 55 and 59, are rejected under 35 U.S.C. 103(a) as being unpatentable over Weber and further in view of Elgamal.

With regards to claims 55 and 59, Weber teaches an apparatus for processing financial transactions via methods of micro-payment for micro-transactions as analyzed in claims 12 and 53 above. Weber does not disclose storing the financial transactions involving micro-payments and then generating a message to settle all of the stored financial transactions for micro-payment transactions as a function of at least one of: the number of stored financial transactions, an aggregate value of the stored financial transactions, and the occurrence of a designated time. However, in the same field of micro-payments Elgamal teaches storing the

Art Unit: 3625

financial transactions involving micro-payments and then generating a message to settle all of the stored financial transactions for micro-payment transactions as a function of at least one of: the number of stored financial transactions, an aggregate value of the stored financial transactions, and the occurrence of a designated time (see at least col.9, lines 11-13, "... *The PG may also keep a data base of all transactions....*", col.12, lines 10-31, "... *At the end of a pre specified period of time....the PG pays the merchant for the aggregate amount from the transactions completed....The PG prepares a purchase order and a payment slip...The merchant takes the slip from this transaction and sends it to the acquirer to credit the moneys owned to the merchant's account.....*"). In view of Elgamal, it would have been obvious to a person of an ordinary skill in the art at the time of the invention to modify Weber to combine the features of Elgamal to store the financial transactions involving micro-payments and then generating a message to settle all of the stored financial transactions for micro-payment transactions as a function of at least one of: the number of stored financial transactions, an aggregate value of the stored financial transactions, and the occurrence of a designated time as explicitly disclosed in Elgamal because doing so would make payment system more economical by transferring the accumulated money in one batch transaction rather than implementing a number of transactions for every single purchase transaction.

### ***Conclusion***

8. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

(i) Press release, " User Interfaces for Internet Payments ", Jakob Nielsen's column on micro-payments; useit.com, Alertbox, Jan 1998 Micro-payments; Payment Interfaces; extracted on Internet from www.useit.com site on 05/15/2003.

9. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than **SIX MONTHS** from the date of this final action.

10. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Yogesh C Garg whose telephone number is 703-306-0252. The examiner can normally be reached on M-F (8:30-4:00).

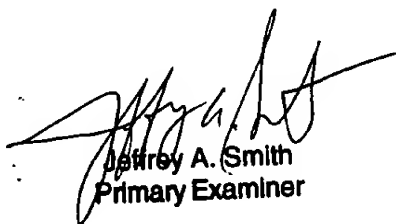
If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Wynn W Coggins can be reached on 703-308-1344. The fax phone numbers for the organization where this application or proceeding is assigned are 703-305-7687 for regular communications and 703-305-7687 for After Final communications.

Art Unit: 3625

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703-308-1113.

Yogesh C Garg  
Examiner  
Art Unit 3625

YCG  
May 19, 2003



Jeffrey A. Smith  
Primary Examiner